

LATHAM & WATKINS LLP
885 Third Avenue
New York, New York 10022-4802
Telephone: (212) 906-1200
Robert J. Rosenberg (RR-9585)
Mitchell A. Seider (admitted *pro hac vice*)
Mark A. Broude (MB-1902)
Email: robert.rosenberg@lw.com
mitchell.seider@lw.com
mark.broude@lw.com

Attorneys for the Official Committee of Unsecured Creditors

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

| | | |
|-------------------------------------|---|------------------------|
| ----- |) | Chapter 11 |
| |) | |
| In re: |) | Case No. 05-44481(RDD) |
| |) | |
| DELPHI CORPORATION, <u>et al.</u> , |) | Jointly Administered |
| |) | |
| Debtors. |) | |
| |) | |
| |) | |
| ----- |) | |

FIRST SUPPLEMENTAL AFFIDAVIT OF WILLIAM Q. DERROUGH

I, William Q. Derrough, a Managing Director of Jefferies, being duly sworn,
hereby depose and say:

1. I am a Managing Director of Jefferies & Company, Inc. ("Jefferies"), an investment banking firm with its principal office located at 520 Madison Avenue, New York, NY 10022. I am duly authorized to make and submit this First Supplemental Affidavit on behalf of Jefferies. Unless otherwise stated in this First Supplemental Affidavit, I have personal

knowledge of the facts set forth herein and, if called as a witness, I would testify thereto.¹

2. On February 17, 2006, I swore out an Affidavit (the "Original Affidavit") in support of the application of the official committee of unsecured creditors appointed in the above-captioned cases (the "Committee") for an order pursuant to sections 328(a) and 1103(a) of the Bankruptcy Code authorizing the Committee to retain and employ Jefferies as investment banker.

3. In the Original Affidavit, I disclosed Jefferies' connections, with respect to matters unrelated to these bankruptcy cases, with several parties in interest in these cases. I also stated that Jefferies recognized that there was an ongoing obligations to disclose relevant information, and that Jefferies would file supplemental affidavits if any additional relevant information comes to its attention.

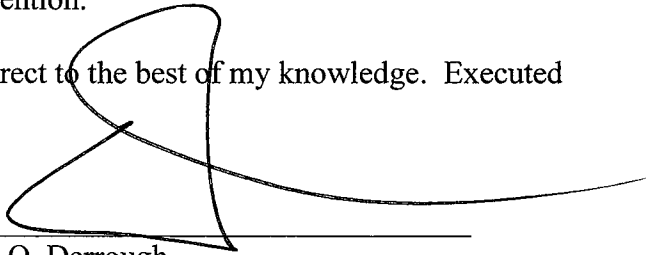
4. From the pleadings recently filed in these cases, it has come to Jefferies' attention that the Debtors and Cadence Innovation LLC ("Cadence") are involved in a patent infringement litigation that was pending in the United States District Court for the Eastern District of Michigan (Southern Division) as of the date of the Debtors' bankruptcy filing (the "Action"), but was stayed by such filing. Cadence is attempting to have the automatic stay lifted (see Docket No. 5777) to proceed with the Action. The damages that Cadence has asserted both in the Action and in the proofs of claim filed in these cases are in excess of \$25 million (at least \$4 million of which is being asserted as an administrative expense claim).

5. Jefferies is currently engaged as Cadence's exclusive financial advisor on matters completely unrelated to the Debtors or these cases.

¹ Certain of the disclosures set forth herein relate to matters within the knowledge of other


6. The foregoing statements are made to the best of my knowledge as of the date hereof. Jefferies will promptly file supplemental affidavits regarding its retention in these cases if any additional relevant information comes to its attention.

I declare that the foregoing is true and correct to the best of my knowledge. Executed this 18th day of December, 2006 in New York.



William Q. Derrough
Managing Director

SWORN TO AND SUBSCRIBED before
me this 18 day of December, 2006



Notary Public

MELISSA ADAMO
NOTARY PUBLIC, STATE OF NEW YORK
No. 01AD6114342
QUALIFIED IN QUEENS COUNTY
MY COMMISSION EXPIRES AUG. 9, 20 08

employees at Jefferies and are based on information provided by them.